

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Approving Budget for the City of Lowell for Fiscal Year 2020

WHEREAS, pursuant to Mass. G.L. c.44 §32, the City Manager submitted a proposed budget for fiscal year 2020 to the City Council on May 28, 2019 and the appropriation order was accepted by vote of the City Council; and

WHEREAS, the City Council held advertised public hearings to consider the proposed budget on June 11, 2019 and any other dates necessary, as advertised in the public hearing notice; and

WHEREAS, upon motion the City Council accepted the budget as submitted by the City Manager, after reductions otherwise separately voted, if any.

NOW, THEREFORE, BE IT VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

That the City Council of the City of Lowell hereby adopts and approves the budget for fiscal year 2020 for the City of Lowell, including all line items therein as if separately voted thereon, in the sum of **\$372,044,456**, which sum shall be appropriated and raised by taxation and other sources, including but not limited to intergovernmental revenue, charges for services, licenses and permits, miscellaneous, etc. The full list of appropriations follows this vote.

WHEREAS, THE City of Lowell enterprise funds may have insufficient operating revenues to fund all expenditures of the funds in fiscal year 2020 and appropriation of retained earnings may be required to fund the fiscal year's operations.

**City of Lowell Fiscal Year 2020 City Manager's Recommended Appropriation
Order**

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NOW, THEREFORE, BE IT FURTHER VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL:

That the City Council of the City of Lowell hereby raises and appropriates the following retained earnings:

Fund	Amount	Fund Number
1. Wastewater Enterprise Fund	1,524,037	6000
2. Parking Enterprise Fund	1,058,378	4450
3. Water Enterprise Fund	3,367,641	6001

and that the City Council of the City of Lowell hereby raises and appropriates the following from other funds:

Fund	Amount	Fund Number
1. Property Maintenance	100,000	1107
2. Vacant Foreclosed Properties	319,155	1109
3. Capital Debt Service Stab	600,000	8397
4. Mitigation	30,000	8417
5. PEG Access Special Revenue	1,115,338	1710
6. Ballpark Capital	192,000	1741
7. Salary Stabilization	1,000,000	8398
8. 148A Fines (Building/ Fire)	150,000	1721
9. General Stabilization	3,262,186	8401

City of Lowell Fiscal Year 2020 City Manager's Recommended Appropriation Order

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			FY2020 Manager
Line			Recommended
Number	Department	Description	Appropriation
2020-01	City Council	Personal Services	230,000
2020-02	City Council	Ordinary Expenses	7,500
2020-03	Mayor	Personal Services	51,822
2020-04	Mayor	Ordinary Expenses	13,900
2020-05	City Clerk	Personal Services	422,394
2020-06	City Clerk	Ordinary Expenses	40,850
2020-07	City Manager	Personal Services	1,796,121
2020-08	City Manager	Ordinary Expenses	3,818,000
2020-09	City Manager - Lowell School Syst.	Ordinary Expenses	50,000
2020-10	City Manager - Marketing Develop.	Personal Services	-
2020-11	City Manager - Marketing Develop.	Ordinary Expenses	505,000
2020-12	City Manager - Contingency	Ordinary Expenses	389,167
2020-13	City Manager - Contingency	Reserve for Wages	744,039
2020-14	City Manager - Cable Access	Personal Services	123,883
2020-15	City Manager - Cable Access	Ordinary Expenses	289,031
2020-16	City Manager - Cable Access	Transfers to Schools	75,000
2020-17	City Manager – CASE	Personal Services	189,273
2020-18	City Manager – CASE	Ordinary Expenses	-
2020-19	Finance	Personal Services	161,825
2020-20	Finance	Ordinary Expenses	1,500

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			FY2020 Manager
Line			Recommended
Number	Department	Description	Appropriation
2020-21	Budget	Personal Services	138,787
2020-22	Budget	Ordinary Expenses	-
2020-23	Auditing	Personal Services	494,399
2020-24	Auditing	Ordinary Expenses	58,600
2020-25	Purchasing	Personal Services	240,609
2020-26	Purchasing	Ordinary Expenses	138,250
2020-27	Assessing	Personal Services	514,579
2020-28	Assessing	Ordinary Expenses	60,504
2020-29	Treasurer	Personal Services	592,969
2020-30	Treasurer	Ordinary Expenses	254,600
2020-31	Human Relations	Personal Services	319,801
2020-32	Human Relations	Ordinary Expenses	27,550
2020-33	Management Information Systems	Personal Services	696,447
2020-34	Management Information Systems	Ordinary Expenses	1,113,400
2020-35	Law	Personal Services	1,154,768
2020-36	Law	Ordinary Expenses	287,100
2020-37	Elections	Personal Services	264,572
2020-38	Elections	Ordinary Expenses	88,000
2020-39	Planning & Development	Personal Services	2,737,474

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			FY2020 Manager
Line			Recommended
Number	Department	Description	Appropriation
2020-40	Planning & Development	Ordinary Expenses	297,648
2020-41	Police	Personal Services	27,219,711
2020-42	Police	Ordinary Expenses	1,416,375
2020-43	Fire	Personal Services	18,570,200
2020-44	Fire	Ordinary Expenses	810,700
2020-45	Lowell Public Schools	Single Line Appropriation	176,428,868
2020-46	Greater Lowell Technical School	Ordinary Expenses	9,267,478
2020-47	Essex Agricultural High School	Ordinary Expenses	-
2020-48	DPW Administration	Personal Services	536,518
2020-49	DPW Administration	Ordinary Expenses	926,950
2020-50	DPW Engineering	Personal Services	544,156
2020-51	DPW Engineering	Ordinary Expenses	-
2020-52	DPW Land & Buildings	Personal Services	2,008,451
2020-53	DPW Land & Buildings	Ordinary Expenses	634,000
2020-54	DPW Streets	Personal Services	1,342,472
2020-55	DPW Streets	Ordinary Expenses	20,000
2020-56	Parks	Personal Services	1,521,298
2020-57	Parks	Ordinary Expenses	516,820
2020-58	Cemetery	Personal Services	235,739
2020-59	Cemetery	Ordinary Expenses	203,650

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			FY2020 Manager
Line			Recommended
Number	Department	Description	Appropriation
2020-60	DPW Other	Snow & Ice	1,350,000
2020-61	DPW Other	Street Lighting	416,000
2020-62	DPW Other	Waste Coll./Disposal	6,050,515
2020-63	Health	Personal Services	2,783,416
2020-64	Health	Ordinary Expenses	147,750
2020-65	Council on Aging	Personal Services	323,734
2020-66	Council on Aging	Ordinary Expenses	88,375
2020-67	Veterans'	Personal Services	157,122
2020-68	Veterans'	Ordinary Expenses	653,150
2020-69	Recreation	Personal Services	678,170
2020-70	Recreation	Ordinary Expenses	47,485
2020-71	Library	Personal Services	1,044,796
2020-72	Library	Ordinary Expenses	375,420
2020-73	Unclassified	Debt Service	9,818,772
2020-74	Unclassified	Workers Comp	625,000
2020-75	Unclassified	Unemployment	425,000
2020-76	Unclassified	Health Insurance	24,150,000
2020-77	Unclassified	Retirement	27,261,906
2020-78	Unclassified	Medicare Tax	2,750,000
2020-79	Unclassified	Claims & Judgments	775,000

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			FY2020 Manager
Line			Recommended
Number	Department	Description	Appropriation
2020-80	Unclassified	Other Insurance	286,617
2020-81	Unclassified	No. Middlesex	33,851
Subtotal	General Fund		334,404,239
2020-82	Wastewater	Personal Services	3,419,733
2020-83	Wastewater	Ordinary Expenses	8,227,500
2020-84	Wastewater	Debt Service	7,309,748
Subtotal	Wastewater Enterprise Fund		18,956,981
2020-85	Parking	Personal Services	378,976
2020-86	Parking	Ordinary Expenses	3,149,745
2020-87	Parking	Debt Service	3,414,215
Subtotal	Parking Enterprise Fund		6,942,936
2020-88	Water	Personal Services	2,541,536
2020-87	Water	Ordinary Expenses	4,122,500
2020-88	Water	Debt Service	5,076,264
Subtotal	Water Enterprise Fund		11,740,300

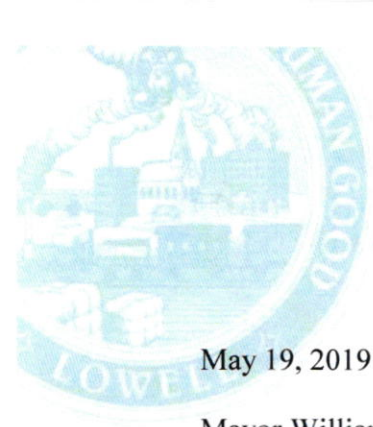
City of Lowell Fiscal Year 2020 City Manager's Recommended Appropriation Order

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Grand Total All Funds	372,044,456
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Furthermore, the following projected needs are costs to the City, but according to accounting rules established by the Department of Revenue, are not to be included in the appropriation order.

Line		FY2020 Manager
Number	Department	Recommended
		Amount
2020-89	General Fund - Cherry Sheet Assessments	29,160,897
2020-90	General Fund - Provision for Abatements & Exemptions	1,100,000
2020-91	Indirect costs of the enterprise funds	9,012,522



Eileen M. Donoghue
City Manager

May 19, 2019

Mayor William J. Samaras
And
Members of the Lowell City Council

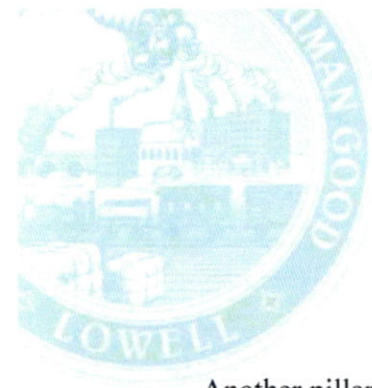
Dear Mayor Samaras and Members of the Lowell City Council,

May 28, 2019

To Mayor William J. Samaras and Members of the Lowell City Council: In accordance with the requirements of the Massachusetts General Laws and the Charter of the City of Lowell, I herewith transmit the proposed \$417,746,634 FY2020 operating budgets for the city's general fund and three enterprise funds, which begins on July 1, 2019, and the \$25,243,294 capital budget associated with the city's five-year capital improvement plan.

This document represents the second fiscal budget of my administration and marks a renewed sense of opportunity and economic vitality for the City of Lowell. I truly believe that—when it comes to future for this great city—the sky is the limit. The first year of my Administration has been filled with careful planning, coordination, and preparation, but now the city stands ready at the commencement of a period of unprecedented growth. This budget funds the key priority areas of the Lowell City Council to ensure that the quality of life that Lowell residents expect are maintained and carefully balances the fiscal realities of a Massachusetts gateway community to retain Lowell's status as an affordable place for families to live. This balance can only be achieved through prudent fiscal policies and careful attention to ongoing practices in financial management. This document represents the city's plan to allocate resources to meet the most pressing current and future needs of the community, as well as City Council priorities.

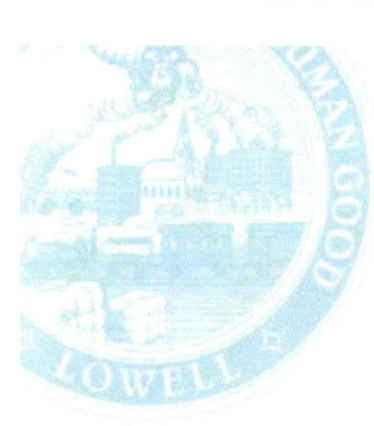
At the cornerstone of my administration is economic development, but in order to strengthen and develop the Lowell economy for the betterment of all residents of the city, we must improve each of the pillars upon which economic development stands. One pillar is a balanced budget based on sound fiscal policies. This budget document communicates the financial strategy for each and every municipal service provided by the city. Arriving at a balanced budget was no easy task and much work was necessary to arrive at a budget that achieved the delicate balance of raising revenue to cover fixed costs like pensions and debt service with maintaining the affordability of residential taxes for the residents. The FY2020 budget is lean, but it provides funding for essential services to the city and to the goals set forth by the City Council and my administration. Fiscal management and economic development are intrinsically tied, as the city's ability to borrow money to fund capital projects critical to expanding the tax base is reliant upon our credit rating. With several large-scale capital investments on the horizon—most notably the Lowell High School project—maintaining and improving the city's credit rating and adhering to the principles of good fiscal management is more important than ever.



Eileen M. Donoghue
City Manager

Another pillar in advancing economic development is public safety. If we do not have a safe city, we cannot attract new families nor can we retain the families who have called Lowell home for generations. Public safety is of utmost importance to a gateway city's development, as it is directly influences a company's decision to locate within the city limits. As part of the FY20 budget, I am proposing the Council appropriate funding to maintain the total number of budgeted sworn officers. Our new Superintendent of Police has heard the call of the City Council to revitalize the department's community policing efforts and to expand public safety in the Central Business District. By working closely with our partners in the business community, my Administration has secured a new community police substation in the downtown to underscore the police presence. The Superintendent's plan and the creation of the "Charlie Sector" in the downtown are fully funded in the proposed FY2020 budget. The men and women of the Lowell Police Department work tirelessly to ensure the safety of the residents and businesses in the city and, as such, deserve the adequate resources to carry out their essential duties. In addition to the aforementioned funding in the operating budget, the city will continue to invest in critical emergency systems, such as the 911 center, in the capital budget. In the FY2020 Capital Plan, my Administration is recommending funding to finalize the upgrade to the 911 emergency CAD systems at over \$6 million, which will have the added benefit of allowing for integration with mobile technology. The FY2020 appropriation in the operating budget for the Lowell Fire Department will also continue the City Council's commitment to maintaining the ranks. The total fire department uniformed personnel will be maintained, even though a significant federal grant has ended. In FY2020 the full department is funded by the tax levy, demonstrative of the commitment of the City Council. The FY2020 Capital Plan also includes \$580,000 funding the replacement of Engine 7 at the Pine Street station. This capital funding is in line with the Fire Chief's replacement plan for fire apparatuses in the city.

A third pillar is partnerships. The City of Lowell has been blessed with many partners willing to work with the city to accomplish larger goals. Government cannot do everything on its own and must leverage every resource and partnership we have; we must nurture those partnerships with both businesses and nonprofits. In the first year of my Administration, the City Manager's Office has engaged each and every one of our partners to address two of the most pressing issues of our time: homelessness and the opioid epidemic. The city has set the framework for solutions through the Mayor's Opioid Epidemic Crisis Task Force, a collaborative effort that brings all stakeholders together on a regular basis. Through this effort, the Lowell City Council has demonstrated its commitment to funding these solutions in the public safety departments, as well as in the Health Department through the creation of a substance abuse coordinator position. These funding commitments are continued in FY2020. On the issue of homelessness, my Administration has engaged our partners in the human services and non-profit communities to looking to follow the lead of Worcester, which successfully moved to a sustainable housing model for homeless individuals, reducing the number of people in the shelter. These are but two examples of the many instances in which the city has—and will continue to—engage our partners in the everyday operation of the city to make it a strong city for everyone. Our partners in higher education, like UMass Lowell and Middlesex Community College, are likewise



Eileen M. Donoghue
City Manager

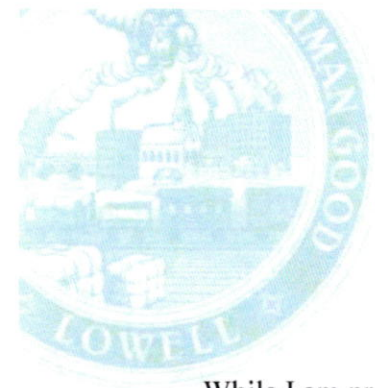
critical to the city's future. The opportunity for partnerships exists in many nexus points within the city budget. Under my administration, the City will help them all work together and will foster the symbiotic nature of our relationship. Relationships like those between the Health and Human Services Department and the Cambodian Mutual Assistance Association, whether with their after school and summer programs or with their senior citizen programs. Those partnerships can bring kids into healthy, constructive activities through the Recreation Department, and can strengthen and improve the community relations with the city's seniors through programming at the Council on Aging. By working together, the city can unlock state and federal grant opportunities for those agencies that can carry out specific missions unable to be advanced by city staff alone. Another partnership evident in the budget document is our commitment to working with nonprofit groups that provide community events focusing on the diverse arts and cultures of all residents. The Arts and Culture groups have a positive impact on the economic development within the city. Community outreach is at the heart of each of these partnerships. Funding for these cultural and special event activities is included in the FY2020 budget. Perhaps most important to successful development of any city is its commitment to education in its school district. For most gateway cities, the primary source of funding for education comes from the Chapter 70 funding formula at the State House and in Lowell this is no different. However, for those communities whose funding for schools is disproportionately comprised of Chapter 70 revenue, their ability to increase funding from the tax levy is severely limited. This is where Lowell sets itself apart from its peers. The city reaffirms its commitment to education in FY2020 by increasing the amount of tax-levy support by the recommended amount by the Department of Elementary and Secondary Education ('DESE') equal to the municipal revenue growth factor ('MRGF') of 3.96%. For the FY2020 funding proposal to the Lowell Public Schools, Lowell has met that commitment. The City of Lowell exceeded its Net School Spending requirement by approximately \$7.1 million in FY18—the most recent year that has been certified by DESE—and is projected to exceed the funding requirement FY2019. This spending certification does not include, however, the additional appropriations by the City Council over the past year towards facilities in the FY2019 capital budget. Nor does it consider the comprehensive facility assessment study completed in FY2019 which has unlocked funding by the Massachusetts School Building Authority ('MSBA'). Public works will renew its effort to maintain and repair Lowell's schools through daily operations, but the projects submitted to the MSBA for funding in the Accelerated Repair Program will make significant progress in raising the standard for the physical education environment in the city's school buildings. Despite the fact that the debt service associated with these capital repairs cannot be credited towards the city's Net School Spending requirement and must be absorbed by the city's operational budget; this City Council has made it abundantly clear that the focus of capital funding must be directed towards the maintenance and upkeep school facilities.



Eileen M. Donoghue
City Manager

Through these targeted investment in key priority areas, the city will continue to build on the economic development success in FY2019. This will be accomplished primarily through the funding proposal in the FY2020 capital plan, but also through strategic investments in the FY2020 operational budget. Among the chief priorities advocate for by the City Council in the past year has been the investment in infrastructure, particularly through city's transportation system. One of the unintended consequences of infrastructure investment and economic development-related construction is its impact on traffic. To help mitigate the impact to area residents and businesses associated with the city's pavement management program, TIGER bridge project, and various other ongoing city and state projects; the FY2020 budget proposal includes an additional staff member in Planning and Development to work specifically with the Transportation Engineer to coordinate and manage requests and concerns from residents and the City Council. Over \$500,000 has been proposed in the FY2020 Capital Budget for traffic improvements, as well as funding in the parking enterprise to aid in painting and striping the roads, including crosswalks. The management of these projects, as well as the efforts to coordinate traffic mitigation planning through the DPD budget will save the city money to engage private firms for each of the individual projects.

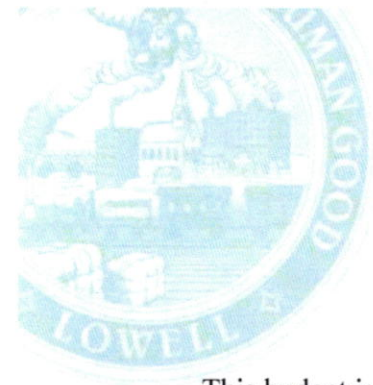
Companies are coming to Massachusetts from all over the country. To date, the epicenter of this economic boom has been centered tightly on Boston and Cambridge. However, as is the case during any period of sustained economic growth, areas of early concentration quickly price-out residents and business alike, in time. If Lowell continues to position itself as it has, the city can—and will—find itself as the next stop for bio-tech or other emerging technology companies. Companies will see Lowell's ever expanding infrastructure, both in the Hamilton Canal Innovation District ('HCID') and in other opportunity zones like the Ayer's City Industrial District, as prime locations for relocation or expansion. These factors, coupled with Lowell's history, cultural diversity, and unique charm, will make the Mill City an even more attractive location. Growing the tax base through economic development will be the cornerstone of my tenure as City Manager. My Administration's key focus areas will allow for development that provides economic opportunity for everyone from young children to the elderly. Investing in these key focus areas will only increase the return on investment for future generations. In continuing this trend of long-term planning, I am proposing the aforementioned FY2020 Capital Plan update and loan order in conjunction with this year's operating budget. The five-year improvement plan continues my Administration's policy of addressing infrastructure needs through strategic investment and the leveraging of state and federal funds.



Eileen M. Donoghue
City Manager

While I am proud of the initiatives presented in this budget, planning for the FY2020 fiscal cycle was not without its substantial challenges. Fixed costs continue to rise including a \$1.7 million increase in our pension assessment. As of the date of this letter, "Cherry Sheet" assessments from the Commonwealth will increase in FY2020 as well, largely due to a \$1.9 million increase to the city's assessment for charter tuition. Other fixed costs, like health insurance, have risen ahead of revenue growth, but no single expense increase is more onerous than the costs associated with trash and recycling collection. As part of the contract, the city must pay for so-called "contaminated recycling" and must assume the full impact of approximately \$700,000 in the budget based on the city's current contamination level. However, an aggressive campaign in the DPW and Development Services comprised of a combination of education and enforcement is aimed to curb contamination and therefore reduce costs to the city. Personnel cost increases are partially unknown at this point for FY2020, as some collective bargaining agreements are yet to be finalized. The majority of these contracts have been settled, though, and a great debt of gratitude is owed to those employees who have proven to successfully settle contracts with affordable terms. These costs, combined with our financial commitment to our key focus areas, limited our ability to expand any discretionary funding for the various city departments. In fact, many line items were not just level-funded, but reduced. These necessary cuts in expenses were spread evenly across the departments and were focused on limiting any disruption to service delivery. While I'm confident in my department heads' ability to continue to do the great work they do each year with less, it is worth noting that these departments are as lean as they have ever been.

Many of the aforementioned initiatives and challenges represent a serious cost, but my Administration has worked tirelessly to limit the impact to the taxpayer. This budget includes a levy increase of slightly above 2%, but less than the 2.5% allowed under Proposition 2 1/2. As history has shown, Lowell functions best with continuous, modest increases to the levy in order to fund the rising costs of goods and services, while not considerably raising taxes any single year. This is evidenced by the over \$19 million in excess levy capacity; the amount of money below the tax levy limit prescribed by Proposition 2 1/2. In the coming years, we must continue to find creative ways to increase revenue streams, particularly as we look toward bonding the largest high school project in Massachusetts' history. Lowell is more heavily reliant on state aid than most Massachusetts municipalities, as approximately two-thirds of the entire city budget comes from the State budget. According to the current status of the FY2020 state budget, which has recently been approved by the House Ways & Means committee, the city is scheduled to receive an unprecedented increase in school funding of \$9.13 million. By comparison, the amount the city will receive in Unrestricted Aid, the amount used to fund all other city departments, is scheduled to increase by only approximately \$700,000 in FY2020.



Office of the City Manager
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Eileen M. Donoghue
City Manager

This budget is the result of months of work by my finance team in conjunction with the City's department heads. While we were not able to meet every request, we tried to be as reasonable and fair with each department while still maintaining fiscal discipline. The result is a budget that addresses the City's fiscal difficulties while investing in key programs and initiatives. It is my hope that this budget will be a major first step toward my goal of improving the economic vitality of the city through sound fiscal planning, increased public safety, and strategic partnerships. I would like to thank Chief Financial Officer Conor Baldwin, Chief Information Officer Mirán Fernandez, Human Relations Director Mary Callery, and Executive Assistant Karen Moynihan, all of whom played an integral role in developing and producing this budget. I also thank the City Council for its vision and support; the residents are lucky to have leadership of this caliber at the local level. Finally—and most importantly—I wish to thank the city's greatest resource, its citizens; it is truly a pleasure to serve as your City Manager.

Sincerely,

Eileen M. Donoghue
City Manager

Cc: Conor Baldwin, Chief Financial Officer